Financial Report

Terrebonne Parish Communications District

Houma, Louisiana

December 31, 2002

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FINANCIAL SECTION

Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Terrebonne Parish Communications District,
Houma, Louisiana.

We have audited the accompanying basic financial statements of the Terrebonne Parish Communications District (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Parish Communications District as of December 31, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 b) to the basic financial statements, the District has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments, as of January 1, 2002.

1340 West Tunnel Blvd., Suite 430
P.O. Box 2168
Houma, LA 70361-2168
Phone (985) 868-0139
Fax (985) 879-1949

Certified Public Accountants | Consultants
A Limited Liability Company

P.O. Box 60600
New Orleans, LA 70160-0600
Heritage Plaza, Suite 800
Phone (504) 831-4949
Fax (504) 833-9093

507-d St. Philip Street
P.O. Box 1205
Thibodaux, LA 70302-1205
Phone (985) 447-5243

As further described in note 1b) to the basic financial statements, the District has given retroactive effect to the change in accounting for its General Fund, in accordance with the provisions of Statement No. 34.

The District has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2003 on our consideration of Terrebonne Parish Communications District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 15, 2003.

Exhibit A

STATEMENT OF NET ASSETS

Terrebonne Parish Communications District

December 31, 2002

ASSETS	
Current	
Cash and cash equivalents	$ 772,054
Receivables	186,361
Prepaid insurance	13,897
Total current assets	972,312
Capital Assets	
Depreciable, net	716,803
Total assets	$ 1,689,115
LIABILITIES	
Current	
Accounts payable and accrued expenses	$ 86,966
Due to other local governments	113,930
Certificates of indebtedness payable within one year	30,000
Total current liabilities	230,896
Long-term	
Compensated absences payable	27,367
Certificates of indebtedness payable after one year	215,000
Total long-term liabilities	242,367
Total liabilities	473,263
NET ASSETS	
Net Assets	
Invested in capital assets, net of related debt	471,803
Unrestricted	744,049
Total net assets	1,215,852
Total liabilities and net assets	$ 1,689,115

See notes to financial statements.

Exhibit B

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Terrebonne Parish Communications District

For the year ended December 31, 2002

OPERATING REVENUES		
Charges for services	$	1,111,162
Other operating revenues		5,738
Total operating revenues		1,116,900
OPERATING EXPENSES		
Personal services		600,679
Supplies and materials		19,548
Other services and charges		282,466
Repairs and maintenance		15,109
Depreciation		157,777
Total operating expenses		1,075,579
Operating income		41,321
NON-OPERATING REVENUES (EXPENSES)		
Interest income		12,246
Other non-operating revenue		12,170
Interest expense		(14,383)
Total non-operating revenues (expenses)		10,033
Change in net assets		51,354
NET ASSETS		
Beginning of year		1,164,498
End of year	$	1,215,852

See notes to financial statements.

STATEMENT OF CASH FLOWS

Terrebonne Parish Communications District

For the year ended December 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 1,155,776
Cash payments to suppliers for goods and services	(631,819)
Cash payments to employees for services and benefits	(281,813)
Net cash provided by operating activities	242,144
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(64,881)
Principal paid on outstanding debt	(30,000)
Interest paid on outstanding debt	(14,383)
Net cash used for capital and related financing activities	(109,264)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	12,246
Net increase in cash and cash equivalents	145,126
CASH AND CASH EQUIVALENTS	
Beginning of year	626,928
End of year	$ 772,054
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 41,321
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	157,777
(Increase) decrease in assets:	
Accounts receivable	26,706
Prepaid insurance	(13,897)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	58,705
Due to other local governments	(28,468)
Total adjustments	200,823
Net cash provided by operating activities	$ 242,144

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Parish Communications District

December 31, 2002

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Terrebonne Parish Communications District (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of significant accounting policies:

a) Reporting Entity

The District assesses a fixed monthly service charge to customers of local telephone and wireless communication companies providing service in Terrebonne Parish. The companies collect the charge then remit those collections to the District. The District uses this service charge to run an emergency 911 system.

The District is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2002.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in the financial statements.

b) Change in Accounting

In June 1999, GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. One of the more significant changes in Statement No. 34 include for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the District's activities. The District has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supple-

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Change in Accounting (Continued)

ment, although not required to be part of, the basic financial statements. However, other changes are reflected in the accompanying basic financial statements (including notes to financial statements). The District has elected to implement the general provisions of Statement No. 34 in the current year.

The Louisiana State Legislature has enacted various statutes which require the District to recover the costs of operation, including debt service costs, through charges to customers – the District's principal revenue source. Because these charges are the District's principal revenue source and because the District is required to recover its costs, the District should be reported as an Enterprise Fund, in accordance with the provisions of Statement No. 34. Prior to the implementation of Statement No. 34, the District accounted for its activities in its governmental general fund, which has been eliminated with the implementation of Statement No. 34.

For the year ended December 31, 2002, the District also implemented the following GASB Standards:

- Statement 37 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus
- Statement 38 – Certain Financial Statement Disclosures
- Interpretation No. 6 – Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements

The transition from governmental fund balance to net assets for December 31, 2001, is presented below:

Total fund balance, as previously reported		$ 649,137
Capital assets used in governmental activities are not financial resources and, therefore were not previously reported.		
Governmental capital assets	$1,548,690	
Less accumulated depreciation	(738,991)	809,699
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore were not previously reported.		
Certificates of indebtedness payable	(275,000)	
Accrued vacation and sick leave	(19,338)	(294,338)
Net assets		$1,164,498

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Method of Accounting

On July 1, 2001, the District adopted the provisions of Statement No. 34 which established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted -This component of net assets consists of constraints placed on net asset use though external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The basic financial statements of the District are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Under GASB Statement No. 20, the District has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers cash and cash equivalents to include amounts in checking accounts, investments with maturities of three months or less when purchased, and the Louisiana Asset Management Pool (LAMP).

LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

f) Accounts Receivable

The basic financial statements of the District contain no allowance for uncollectible accounts receivable. It is the opinion of management that receivables at December 31, 2002 are collectible and possible bad debt losses are immaterial.

g) Capital Assets

Capital assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extends its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Depreciation of all capital assets, excluding land, is calculated over the estimated useful lives using the straight-line method as follows:

Building	20 - 40 years
Equipment	5 - 10 years

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Accumulated Vacation and Sick Leave

Employees of the District can earn twelve or seventeen days per year vacation leave, depending on their length of employment.

All employees are required to take vacation within one year of being earned. Any unused vacation remaining on the employee's anniversary date will be transferred to sick leave. In the event the employee is terminated or resigns, all vacation leave not transferred to sick leave will be paid to them.

Employees of the District earn seven days sick leave per year. Upon official retirement from the Parochial Retirement System the retiring employee will be allowed to receive half of whatever accumulated sick leave time has accrued, up to a maximum of 30 days, by leaving work early and remaining on the payroll until the 30 days are exhausted.

The liability for vacation and sick leave is recorded as a long-term liability in the government-wide statements. In the fund financial statements, governmental funds report only the vacation and sick leave liability payable from expendable available financial resources

i) Revenues and Expenses

Operating revenue and expenses consists of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted assets to the extent such are available and then to unrestricted net assets. At December 31, 2002, the District had no restricted net assets.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Bank Deposits:

State law requires that deposits (cash) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agents but not in the District's name and deposits which are uninsured or uncollateralized.

The year end bank balances of deposits and the carrying amounts as shown on the balance sheet are as follows:

	Bank Balances Category			Book
	1	2	3	Balance
Cash	$100,364	$ -	$ -	$88,221

At December 31, 2002, cash was not significantly in excess of the FDIC insurance.

Investments:

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2 or 3; repurchase agreements; and the Louisiana Asset Management Pool.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

The year end balance of investments is as follows:

	Reported Amount
Louisiana Asset Management Pool (LAMP)	$683,833

Investments held at December 31, 2002 consist of $683,833 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at December 31, 2002 is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the Sate of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

A reconciliation of deposits and investments as shown on the Statement of Net Assets is as follows:

Reported amount of deposits	$ 88,221
Reported amount of investments	683,833
Total	$ 772,054

Note 3 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2002 was as follows:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
Capital assets not being depreciated:				
Construction in progress	$ -	$ 2,842	$ -	$ 2,842
Capital assets being depreciated:				
Buildings	322,430	5,138	-	327,568
Equipment	1,226,260	56,901	(16,391)	1,266,770
Total capital assets being depreciated	1,548,690	62,039	(16,391)	1,594,338
Less accumulated depreciation for:				
Buildings	(21,453)	(8,417)	-	(29,870)
Equipment	(717,538)	(149,360)	16,391	(850,507)
Total accumulated depreciation	(738,991)	(157,777)	16,391	(880,377)
Total capital assets being depreciated, net	809,699	(95,738)	-	713,961
Total capital assets, net	$ 809,699	$ (92,896)	$ -	$ 716,803

Note 4 – ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2002 consisted of the following:

Vendors	$ 72,236
Salaries and benefits	14,730
Total	$ 86,966

Note 5 - LONG-TERM LIABILITIES

Long-term liabilities consist of compensated absences payable for accumulated unpaid vacation and sick leave and certificates of indebtedness.

At December 31, 2002, the District had outstanding certificates of indebtedness totaling $245,000. The certificates bear interest at 5.23% and are payable through November 1, 2009. The certificates are secured by a pledge and dedication of the excess of annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the certificates are outstanding.

The following is a summary of changes in long-term liabilities of the District for the year ended December 31, 2002:

	Compensated Absences	Certificates of Indebtedness
Payable at January 1, 2002	$ 19,338	$ 275,000
Increase in accumulated unpaid vacation and sick leave	8,029	-
Debt retired	-	30,000
Payable at December 31, 2002	$ 27,367	$245,000

Note 5 - LONG-TERM LIABILITIES (Continued)

The requirements to amortize certificates of indebtedness outstanding at December 31, 2002 are as follows:

Year	Principal	Interest	Total
2003	$ 30,000	$12,813	$ 42,813
2004	30,000	11,244	41,244
2005	35,000	9,676	44,676
2006	35,000	7,845	42,845
2007	35,000	6,014	41,014
2008 - 2009	80,000	6,276	86,276
Totals	$245,000	$53,868	$298,868

Compensated absences are described in Note 1h).

Note 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to general liability, workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for workers' compensation and group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims filed against the District related to workers' compensation and group insurance. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

Policy	Coverage Limits
Workers' Compensation	Statutory

Note 6 - RISK MANAGEMENT (Continued)

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's general liability internal service fund, $2,999,892 at December 31, 2001, then secondly by the District. The Parish is self-insured for the first $125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2001 was $8,622,026. Insurance contracts cover the excess liability, up to $1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of $1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, $291,053 at December 31, 2001, then secondly by the District or the employee for individual claims in excess of $1,000,000. At December 31, 2002 the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2002 totaled $14,022.

Note 7 - COMMITMENT

The Federal Communications Commission (FCC) and the Louisiana State Legislature have issued rulings and statues requiring wireless telecommunication providers to provide the number and location of the caller to the communications district when a caller accesses 911. State statues require the caller location service to be operating within one year of collecting a consumer fee for the service.

The District implemented the rulings and has begun collecting the service charge effective January 1, 2001. Proceeds from the consumer service charge, $493,213 for the year ended December 31, 2002, shall be used for the payment of service provider and district costs associated with system implementation. However, the district shall not make payments to service providers unless there is a cooperative endeavor agreement between the district and the provider delimiting the cost of implementation. The District has completed cooperative endeavor agreements with three providers and is in the process of negotiating agreements with the remaining three providers. Management believes all required agreements will be completed in the year ending December 31, 2003.

Note 8 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898.

Funding Policy - Plan members are required to contribute 2% of their annual covered salary less $100 per month and the District is required to contribute at an actuarially determined rate. The current rate is 2.5% of annual payroll. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending December 31, 2002, 2001 and 2000 were $10,863, $9,112 and $6,301, respectively, equal to the required contributions for each year.

Note 9 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2002.

SUPPLEMENTARY INFORMATION SECTION

Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors,
Terrebonne Parish Communications District,
Houma, Louisiana.

Our report on our audit of the basic financial statements of the Terrebonne Parish Communications District for the year ended December 31, 2002, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on the basic financial statements. The information contained in Schedule 1 and 2, which is of a nonaccounting nature, is not a required part of the basic financial statements, and is presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly we express no opinion on it.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 15, 2003.

1340 West Tunnel Blvd., Suite 430
P.O. Box 2168
Houma, LA 70361-2168
Phone (985) 868-0139
Fax (985) 879-1949

Certified Public Accountants | Consultants
A Limited Liability Company

P.O. Box 60600
New Orleans, LA 70160-0600
Heritage Plaza, Suite 800
Phone (504) 831-4949
Fax (504) 833-9093

507-d St. Philip Street
P.O. Box 1205
Thibodaux, LA 70302-1205
Phone (985) 447-5243

STATUS OF PHASE ONE IMPLEMENTATION OF WIRELESS E911 SERVICE

Terrebonne Parish Communications District

December 31, 2002

(Unaudited)

The Louisiana State Legislature has enacted Act 1029 (the Act), to amend and reenact Louisiana Revised Statues 33:9101, 9102, 9103, 9105, 9106 and 9109 relative to communication districts. The Act, effective January 1, 2000, authorizes Louisiana Communication Districts to establish, by resolution of the Board of Commissioners, the ability to collect an emergency telephone service charge in the amount of $0.85 per wireless user per month levied on wireless users of Commercial Mobile Radio Service (CMRS) who can access the 911emergency telephone number system. Phase One requires CMRS carriers to implement locational services and have the capability to assign wireless calls usable numbers for callback and forwarding uninterrupted calls.

The purpose of the Act is to provide a funding mechanism to cover the costs of implementing enhancements to the emergency 911 telephone system for cellular and other wireless telephone users as provided by the Federal Communications Commission in Matter #94-102. Enhancements will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the district when a caller accesses the 911 system. Although these enhancements currently exist for persons dialing from "landline telephones," certain technological enhancements must be made in order to provide this information from wireless devices. The districts are required to negotiate and enter into a cooperative endeavor agreement provided for by the Act with each CMRS carrier to ensure that the service charge is collected, remitted and the service enhancements are implemented. For any district having a population of not less than thirty thousand persons as of the most recent federal decennial census, the enhancements shall be completed by the district and all of the CMRS carriers providing service within the district within one year of the initial levy of the service charge. Proceeds received shall be used for payment of CMRS carrier and district costs associated with the implementation of Phase One. Any funds collected in excess of those necessary to pay costs of such enhancements may be expended for any lawful purpose of the district.

The Terrebonne Parish Communications District (the District) notified each CMRS carrier by certified letter of the adoption by the Board of Directors of Resolution No. 090299-A which levied an emergency telephone service charge of $0.85 per month per wireless CMRS connection as of January 1, 2000. The District then sent a letter to each CMRS carrier concerning signing a cooperative endeavor agreement. As of December 31, 2002, the District has completed cooperative endeavor agreements with three CMRS carriers, out of a total of six. The District is in negotiations with the remaining three CMRS carriers.

STATUS OF PHASE ONE IMPLEMENTATION OF WIRELESS E911 SERVICE

The CMRS carriers have been remitting the wireless E911 service charges collected from the CMRS connections (customers) beginning January 1, 2000. Remittance for service charges have begun for the three of the CMRS carriers that have signed cooperative endeavor agreements with the District. The remaining three CMRS carriers that have not agreed on a cooperative endeavor agreement have not been paid any service charges by the District because no district shall make payment of CMRS carrier costs associated with the implementation of Phase One enhancements required by such an order unless there is a cooperative endeavor agreement between the district and the CRMS carrier delimiting the cost of implementation to be recovered.

The District, as well as Communications Districts state-wide, has had problems implementing Phase One. The District has been unsuccessful due to numerous corporate mergers and CMRS carriers that have established unreasonable non-recurring or recurring costs without justification, or have refused to participate in cooperative endeavor agreement negotiations. Although the District has encountered problems concerning Phase One implementation, wireless users have maintained access through the CMRS carriers to the 911 system. Management believes all required agreements will be completed in the year ending December 31, 2003.

The District intends to recover the costs of additional staff hired to handle additional call volume with the wireless revenues, as well as, recover other costs related to the new wireless requirements. Other wireless costs include the service charge that will be assessed by the CMRS carriers based on the cost of updating their technology to implement the enhancement phase. The remittance of these costs depends on the signing of the cooperative endeavor agreements. The schedule of wireless revenues and use of wireless revenues can be found in Schedule 2 as required by the Act.

SCHEDULE OF REVENUES DERIVED FROM THE WIRELESS E911 SERVICE CHARGE AND THE USE OF SUCH REVENUES

Terrebonne Parish Communications District

For the year ended December 31, 2002

(Unaudited)

	Wireless
OPERATING REVENUES	
Charges for services	$ 490,679
OPERATING EXPENSES	
Personal services	305,369
Supplies and materials	9,938
Other services and charges	143,598
Repairs and maintenance	7,681
Depreciation	80,210
Total operating expenses	546,796
Operating loss	$ (56,117)

Note: Allocation of wireless operating expenses was determined by applying the percentage of wireless calls to total calls to the operating expenses described in the Statement of Revenues, Expenses and Changes in Net Assets. Revenues from charges for services are based on actual reported revenues for wireless services. The number of total calls and wireless calls was furnished to us by the District's management.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

Bourgeois Bennett

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
Terrebonne Parish Communications District,
Houma, Louisiana.

We have audited the basic financial statements of the Terrebonne Parish Communications District (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2002 and have issued our report thereon dated May 15, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the Schedule of Findings as item 02-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting

1340 West Tunnel Blvd., Suite 430
P.O. Box 2168
Houma, LA 70361-2168
Phone (985) 868-0139
Fax (985) 879-1949

Certified Public Accountants | Consultants
A Limited Liability Company

P.O. Box 60600
New Orleans, LA 70160-0600
Heritage Plaza, Suite 800
Phone (504) 831-4949
Fax (504) 833-9093

507-d St. Philip Street
P.O. Box 1205
Thibodaux, LA 70302-1205
Phone (985) 447-5243

would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 15, 2003.

SCHEDULE OF FINDINGS

Terrebonne Parish Communications District

For the year ended December 31, 2002

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

• Material weakness(es) identified?	____ yes	_X_ no
• Reportable condition(s) identified that are not considered to be material weaknesses?	____ yes	_X_ none reported

Noncompliance material to financial statements noted?	_X_ yes	____ no

b) Federal Awards

Terrebonne Parish Communications District did not receive federal awards during the year ended December 31, 2002.

Section II Financial Statement Findings

02-1 **Criteria** - The Federal Communications Commission (FCC) via FCC Matter 94-102, enacted July, 1996, set distinct requirements for making wireless 911 more compatible with existing 911 wireline systems and stipulates the necessity for the establishment of a cost recovery mechanism for both wireless service suppliers and 911 districts. The Louisiana State Legislature enacted Act 1029 to address the issue of a cost recovery mechanism for Phase One of the FCC order, and was made effective January 1, 2000 as amendments and reenactments to Louisiana Revised Statues 33:9101, 9102, 9103, 9105, 9106 and 9109. The Act authorizes Louisiana Communications Districts the ability to establish, by resolution of the Board of Commissioners or Ordinance of the Parish's governing authority, the amount of $0.85 per wireless user per month to be collected and remitted to the appropriate district for said purpose. Proceeds shall be used first for payment of wireless service suppliers and district costs associated with the implementation of enhancements required in Phase One. Any funds collected in excess of those

Section II Financial Statement Findings

02-1 (Continued)

necessary to pay costs of such enhancements may be expended for any lawful purpose of the district. Phase One requires implementing enhancements that will automatically provide the number and location of the wireless caller to the communications district when a caller accesses 911. The District will be required to pay a one-time non-recurring fee per subscriber at a rate specified by the service supplier. A monthly recurring charge will be paid to the service supplier by the district to help cover the service supplier's enhancement costs at a specified rate per subscriber. The service suppliers will not be able to receive the monthly recurring charges until a cooperative endeavor agreement has been signed. For any district having a population of not less than thirty thousand persons as of the most recent federal decennial census, the enhancements shall be completed by the district and all of the wireless service suppliers within one year of the initial levy of the service charge.

Statement of Condition - During the audit it was noted that as of December 31, 2002 there were three signed cooperative endeavor agreement out of a total of six service suppliers. The District is still in negotiations with the other service suppliers. Phase One was not complete within the first year of the initial levy of the service charge. The service suppliers have not received any service charge payments by the District because no district shall make payment of a service suppliers costs associated with the implementation of Phase One enhancements required by such an order unless there is a cooperative endeavor agreement between the district and the supplier delimiting the cost of implementation to be recovered. Although the service suppliers have not yet provided Phase One information to the District, wireless users have maintained access to the 911 system.

Cause and Effect - The District notified each service supplier by certified letter of the adoption by the Board of Directors of Resolution No. 090299-A which levied an emergency telephone service charge of $0.85 per month per wireless service subscriber. In compliance with the Act, the District also sent a letter to each service supplier concerning signing a cooperative endeavor agreement. Three of the service suppliers have not signed an agreement.

Terrebonne Parish Communications District

For the year ended December 31, 2002

Section II Financial Statement Findings

02-1 (Continued)

Recommendation - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical - None

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Communications District

For the year ended December 31, 2002

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2001.
No reportable conditions were reported during the audit for the year ended December 31, 2001.

Compliance

01-1 **Recommendation** - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

Management's Response - Partially resolved, the District has begun to remit the necessary service charges to the service suppliers that have signed cooperative agreements, however, Phase One is not complete.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Communications District did not receive federal awards during the year ended December 31, 2001.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2001.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Communications District

For the year ended December 31, 2002

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2002.
No reportable conditions were reported during the audit for the year ended December 31, 2002.

Compliance

02-1 **Recommendation** - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

Management's Corrective Action Plan - The District has begun to remit the necessary service charges to the service suppliers that have signed cooperative agreements, and are currently in negotiations with the other three service suppliers.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Communications District did not receive federal awards during the year ended December 31, 2002.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2002.